

**GOVERNMENT OF INDIA  
MINES  
LOK SABHA**

STARRED QUESTION NO:378  
ANSWERED ON:08.04.2003  
ROYALTY RATES OF MINERALS  
RAVINDRA KUMAR PANDEY;SURESH KURUP

**Will the Minister of MINES be pleased to state:**

- (a) the latest rate of royalty per tonne on minerals as on date, mineral-wise;
- (b) whether the Union Government have announced the revised rate of royalty on minerals recently;
- (c) if so, the details thereof;
- (d) whether the revised rates of royalty is much less than demanded by the States especially by the Government of Maharashtra on various minerals produced in the State;
- (e) if so, whether the Union Government have considered further revision of the rates of royalty;
- (f) if so, the details thereof;
- (g) whether the Government have received requests from the State Governments especially from the State Government of Kerala to fix the rate of royalty of the Ilmenite group of minerals on a competitive basis which is compatible with the other metallic ores; and
- (h) if so, the details thereof and the response of the Government thereto?

**Answer**

THE MINISTER OF STATE OF THE MINISTRY OF MINES (SHRI RAMESH BAIS)

(a) to (h): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN THE REPLY TO STARRED QUESTION NO.378 Laid on the Table of the Lok Sabha on the 8th March, 2003 REGARDING ROYALTY RATES OF MINERALS ASKED BY SHRI RAVINDRA KUMAR PANDEY AND SHRI SURESH KURUP.

(a) to (c): Royalty rates for minerals other than fuel and minor minerals were last notified by the Ministry of Mines vide Gazette Notification GSR 713(E) dated 12.9.2000 a copy of which was laid on the Table of the Lok Sabha on 27.11.2000. Royalty rates for fuel minerals viz Coal and Lignite are notified by the Ministry of Coal and for minor minerals by the respective State Governments under their Minor Mineral Concession Rules.

(d) to (f) : Conventionally, for revision of royalty rates for minerals other than fuel and minor minerals, a Study Group is constituted under the Chairpersonship of Additional Secretary, Ministry of Mines, having major mineral producing States on rotational basis, concerned Central Ministries/Departments, Indian Bureau of Mines, a subordinate office under the administrative control of Ministry of Mines and Federation of Indian Mineral Industries as members. Comments of all stake holders including State Governments are solicited through a questionnaire. Based on these inputs and parameters such as the trends in the average sale price and production, exportability of minerals in value added from desirability of single ad-valorem rates for multi-grade minerals, parity with international rates of royalty wherever possible, continuation with existing ad valorem rates as far as possible, desirability of fixing similar rates for geologically similar minerals, gradual enlargement in the scope of the ad-valorem system and augmentation of revenues of the State Governments, royalty rates are recommended by the Study Group.

The Government had constituted a Study Group on 22.5.2002 for revision of royalty rates for minerals other than fuel and minor minerals. The Study Group has yet to submit its report to the Central Government. As per proviso to Sub-section (3) of Section 9 of the Mines and Minerals (Development and Regulation) Act, 1957, the Central Government (Ministry of Mines) cannot enhance the rates of royalty more than once during any period of 3 years. Thus, the enhancement of rates of royalty for minerals other than fuel and minor minerals can be enhanced only after 11.9.2003.

(g) & (h): The State Government of Kerala has suggested higher royalty at 10% on ad-valorem basis for beach sand minerals namely ilmenite, leucoxene, rutile, zircon and granular sillimanite instead of the existing 2.5% for granular sillimanite and 2% for the other minerals. The Study Group is enjoined to take into account suggestions of all stake holders including those of Government of Kerala before finalizing its recommendations.